



March 21, 2021

SUMMARY OF ORIGINAL BILL: Removes all references in the Government Employees Deferred Compensation Plan Act to the “Consolidated Retirement Board” and replaces it with the “Board of Trustees of the Consolidated Retirement Board.”

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (005215): Deletes all language after the enacting clause. Increases the maximum monthly 401k matching amount from a state employer from 100 percent of the first \$40 contributed to 100 percent of the first \$50 contributed per employee per month, unless a higher maximum is specifically prescribed in the annual general appropriations act. Authorizes a 100 percent employer match up to \$75 for state employees upon completion of financial education or retirement readiness training developed and prescribed by the State Treasurer. Authorizes the State Treasurer to waive the training requirement.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Exceeds \$12,479,300/FY21-22 and Subsequent Years

Assumptions for the bill as amended:

- The Department of Finance and Administration currently budgets so that the effective matching amount from state employers is 100 percent of the first \$50 per employee per month. It is assumed that, pursuant to this legislation, the effective matching amount from state employers will be 100 percent of the first \$75 per employee per month, with or without the training requirement.
- In FY19-20 there were 34,887 Tennessee Consolidated Retirement System (TCRS) participants currently contributing greater than the appropriated \$50 matching maximum. The average contribution of such employees is \$267.43 per month.
- Furthermore, there were 13,421 TCRS participants contributing at the current \$50 matching rate.
- It is estimated that 100 percent of those over \$50, and at least 50 percent of those who currently contribute \$50 will contribute at least \$75 per month, with or without training.

- The recurring increase in state expenditures is estimated to be at least \$12,479,250 $\{[(34,887 \times (\$75 - \$50)) + [(13,421 \times 50\%) \times (\$75 - \$50)] \times 12\}$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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